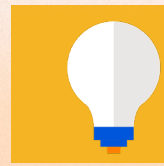


Toronto Office

# 2020 Market Insight Report



Q4 2020

cresa

# Market Overview



Canada Square Development

Trends of increased vacancy continued across all major office markets this quarter, as the Greater Toronto Area (GTA) reached 6.3% at the year's end. With Ontarians once again heading into lockdown, the numerous uncertainties regarding vaccine roll-out, and impending further restrictions, office-occupiers maintain their "wait-and-see" mentalities heading into 2021.

Many have questioned why asking rates have remained relatively unaffected during the pandemic despite such an increase in supply across downtown and suburban office markets. The belief across the commercial real estate industry is that the landlord community is looking to preserve their face-rates by offering creative incentives such as flexible terms and upfront construction capital instead.

Though 2020 has been a struggle for many both personally and professionally, the fourth quarter has presented some reasons to be optimistic about the GTA office market's future. OMERS-backed Oxford Properties partnered with Canadian Tire REIT to redevelop the 9.2 acre Canada Square complex at Yonge and Eglinton Avenue and build over 3 million square feet of mixed-use space, including over 650,000 sf of office space. Combined with Union Park and Square One District developments, Oxford remains bullish on Canadian city-building despite contrarian narratives. Richardson Wealth also signed a lease with Menkes Developments this quarter to occupy 3 floors at 100 Queens Quay East. This transaction, which is the first significant new-build lease to be signed during the pandemic, has been referenced by many in the commercial real estate industry as an indicator of a market recovery. E-commerce giant, Amazon also expanded its presence in Quadreal's 18 York Street / 120 Bremner Boulevard taking over 100,000 sf in the complex - mirroring their rapid growth across GTA industrial markets.

Canada's unemployment rate increased marginally from 8.5 per cent in November to 8.6 per cent in December. With 63,000 jobs lost, this marks the first decline since April. Looking towards the new year, tenants will watch Ontario's roll-out of vaccinations as a key indicator for market stabilization.

## Significant Lease Transactions

- Amazon, 102,320 sf, 18 York Street / 120 Bremner Blvd
- Richardson Wealth, 84,867 sf, 100 Queens Quay East
- Rose Rocket, 26,324 sf, 39 Front Street East
- Memory & Company, 26,000 sf, 407 Iroquois Shore Road
- Starbucks Canada, 25,000 sf, 5160 Yonge Street



# GTA Overview

Q4 2020



Supply

259,022,651 SF



Vacancy

6.3%



Average Net Rent

\$23.60/SF



Net Absorption

-1,458,298 SF

Arrows Indicate One Quarter Change

## Vacancy Rate

	Q2	Q3	Q4	
Downtown	2.6%	3.4%	3.9%	▲
Midtown	3.5%	3.9%	4.5%	▲
Toronto North	5.9%	6.3%	7.3%	▲
Toronto East	6.4%	6.9%	7.9%	▲
Toronto West	6.1%	8.8%	9.0%	▲
Durham	2.9%	3.9%	4.1%	▲
Overall GTA	4.5%	5.7%	6.3%	▲

## Vacancy Rates & Availability Rates

### Vacancy Rates

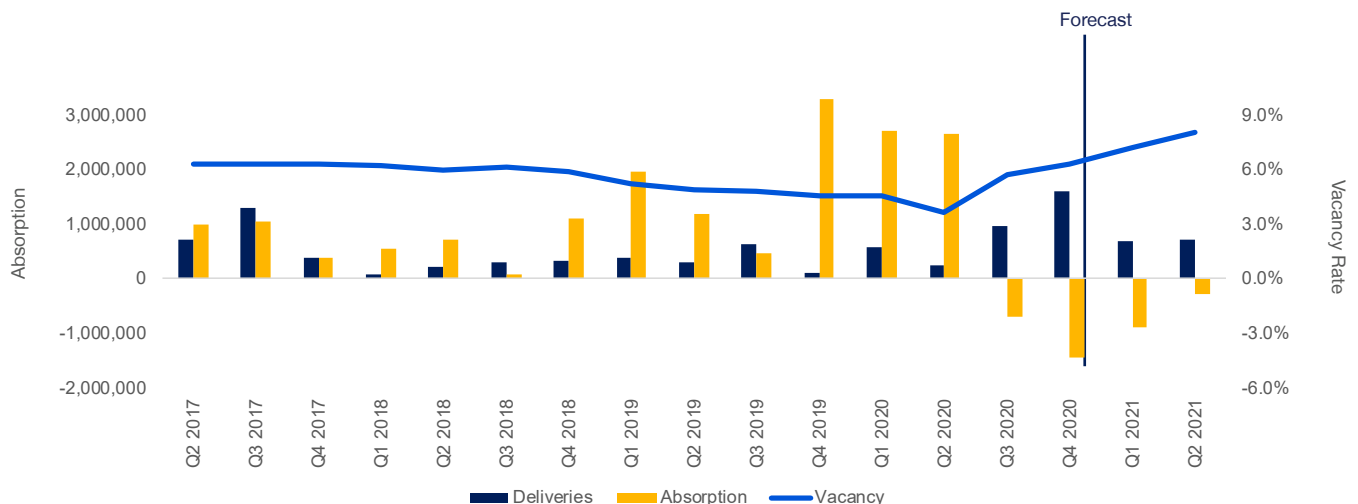
The vacancy rate is the percentage of all units in a rental property, that are vacant or unoccupied at a particular time.

### Availability Rates

The availability rate is the percentage of total rentable space available including new developments under construction.

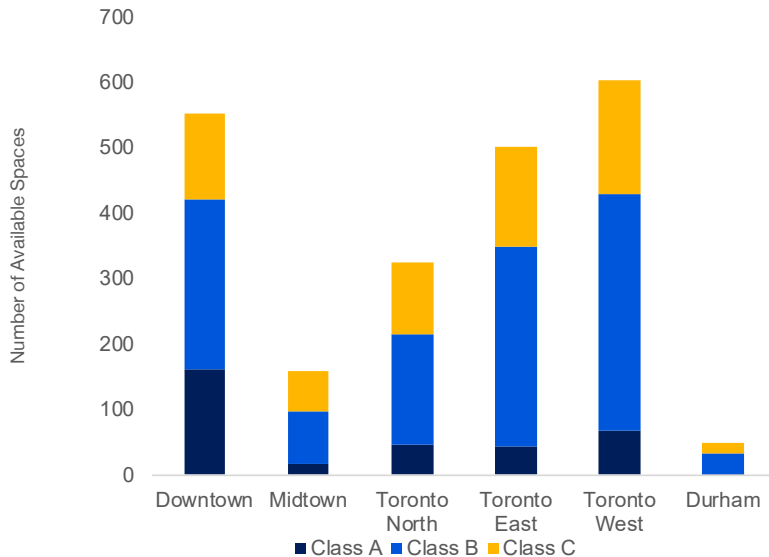
## New Construction and Absorption

Looking towards the new year, tenants will watch Ontario's roll-out of vaccinations as a key indicator for market stabilization."



# GTA Overview

## Availability By Market



## Significant Availabilities

Market	Address	Size (SF)
Downtown	141 Bay Street	630,291
Midtown	160 Bloor Street East	171,401
Toronto North	5000 Yonge Street	124,121
Toronto East	160 McNabb Street	188,500
Toronto West	1950 Meadowvale Blvd	160,650
Durham	419 King Street West	23,235



## Top 10 Largest Non-Renewal Office Leases

### 2019

In 2019, there were 4 office leases signed over 400,000 SF

### 2020

In 2020, there were only 2 office leases signed over 100,000 SF

## Office Market Insights

**1** Net absorption has plummeted across the GTA reaching -1,458,298 sf for the quarter. Net absorption below -1,000,000 sf has not been seen in Canada since the 2008 financial crisis.

**2** California-based technology company, Equinix closed on an all-cash \$1 billion deal with BCE to acquire 13 data centres across Canada, with 4 new facilities based in Toronto. With this deal and the announcement of a strategic-partnership with Bell to enhance integrated networking and hybrid multi-cloud services, Equinix is well positioned to become a leading digital infrastructure provider in Canada.

**3** Fengate Asset Management closed on a deal to acquire Concorde Corporate Centre from Artis REIT in November for \$114 million. The 567,619 sf office complex located on 7.7 acres is well positioned along several transit nodes.

**4** Dream Office REIT and Humboldt Properties announced plans to redevelop 212 – 218 King Street West in Toronto's Entertainment district. The proposed 79-storey, mixed-use tower will incorporate three heritage designated buildings into its base.

# Downtown Toronto



**Supply**  
98,699,703 SF



**Vacancy**  
3.9%



**Average Net Rent**  
\$32.36 SF

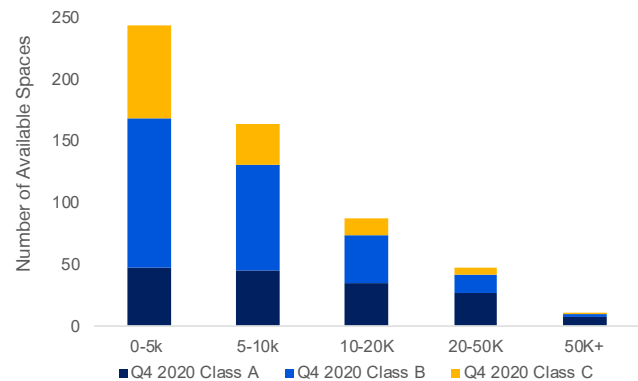


**Net Absorption**  
-458,928 SF

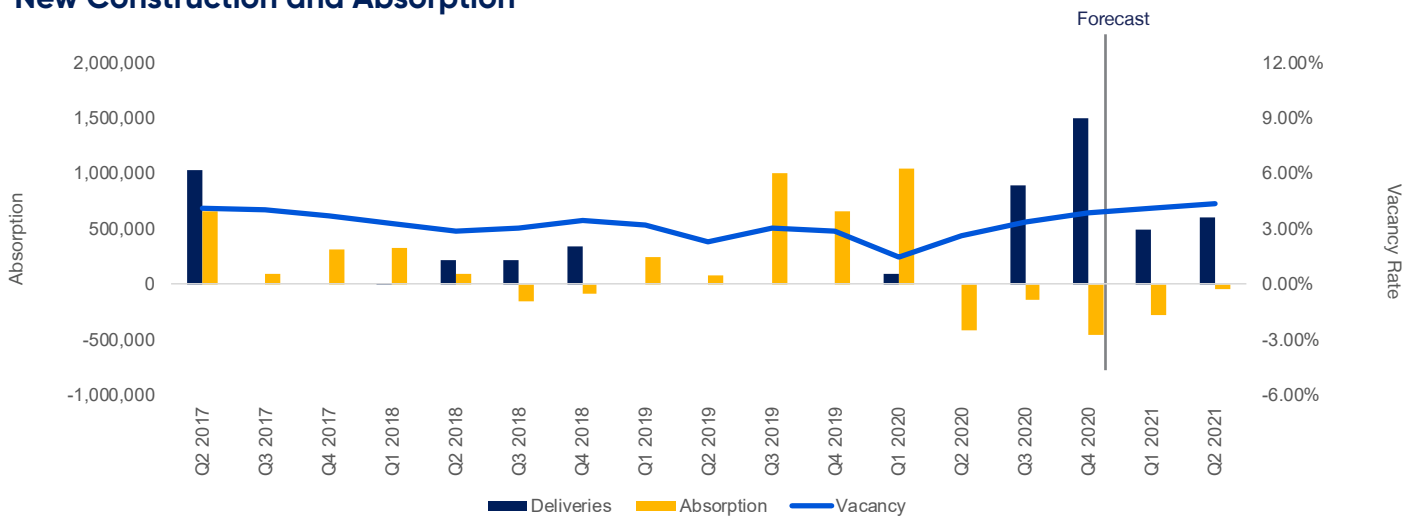
## Vacancy Rate

	Q2	Q3	Q4	
Financial Core	3.4%	3.8%	4.8%	▲
Outer Financial Core	1.8%	2.4%	3.4%	▲
Downtown North	1.4%	2.3%	2.6%	▲
Downtown South	2.8%	1.6%	2.2%	▲
Downtown East	2.2%	3.1%	4.4%	▲
Downtown West	2.9%	4.4%	5.5%	▲
King/Dufferin	1.7%	1.8%	2.5%	▲
Overall	2.6%	3.4%	3.9%	▲

## Availability Trends



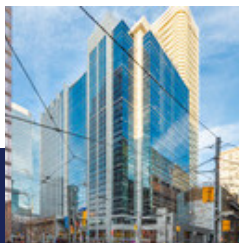
## New Construction and Absorption



## Significant Availabilities



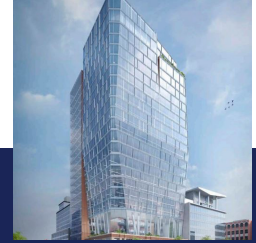
**141 Bay Street**  
630,291 SF



**2 Queen Street E**  
182,751 SF



**95 Wellington Street W**  
154,408 SF



**25 Ontario Street**  
84,109 SF

# Midtown Toronto

Q4 2020



Supply  
22,150,628 SF



Vacancy  
4.5%



Average Net Rent  
\$25.18/SF

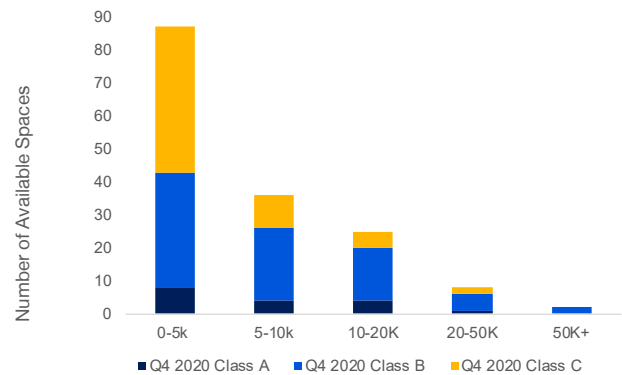


Net Absorption  
-133,791 SF

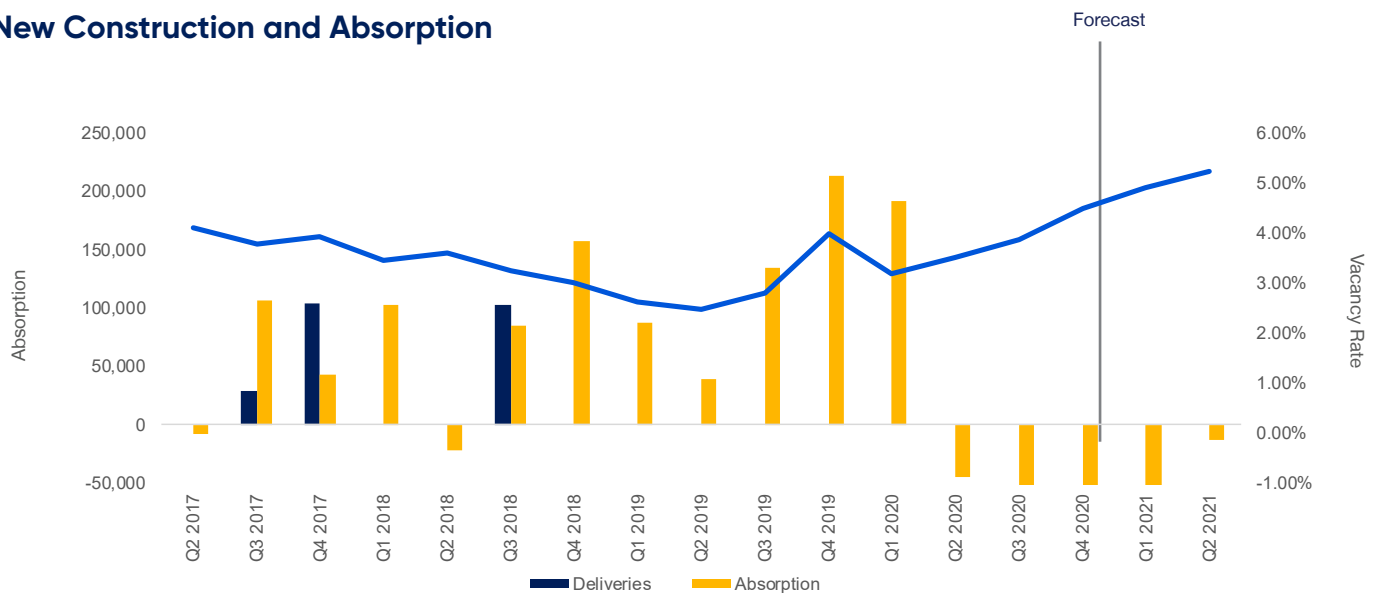
## Vacancy Rate

	Q2	Q3	Q4	
Bloor	2.7%	3.0%	3.6%	▲
St. Clair	2.0%	2.2%	3.0%	▲
Eglinton	4.1%	4.6%	4.9%	▲
Overall	3.5%	3.9%	4.5%	▲

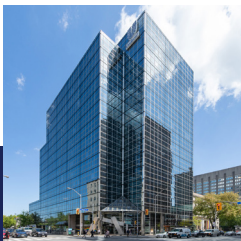
## Availability Trends



## New Construction and Absorption



## Significant Availabilities



**160 Bloor Street E**  
171,401 SF



**175 Bloor Street E**  
123,390 SF



**2161 Yonge Street**  
90,482 SF



**365 Bloor Street E**  
54,446 SF

# Toronto North

Q4 2020



Supply

24,151,309 SF



Vacancy

7.3%



Average Net Rent

\$20.43/SF



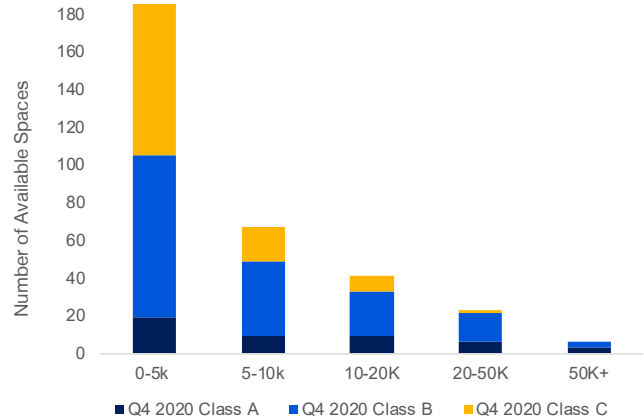
Net Absorption

-256,846 SF

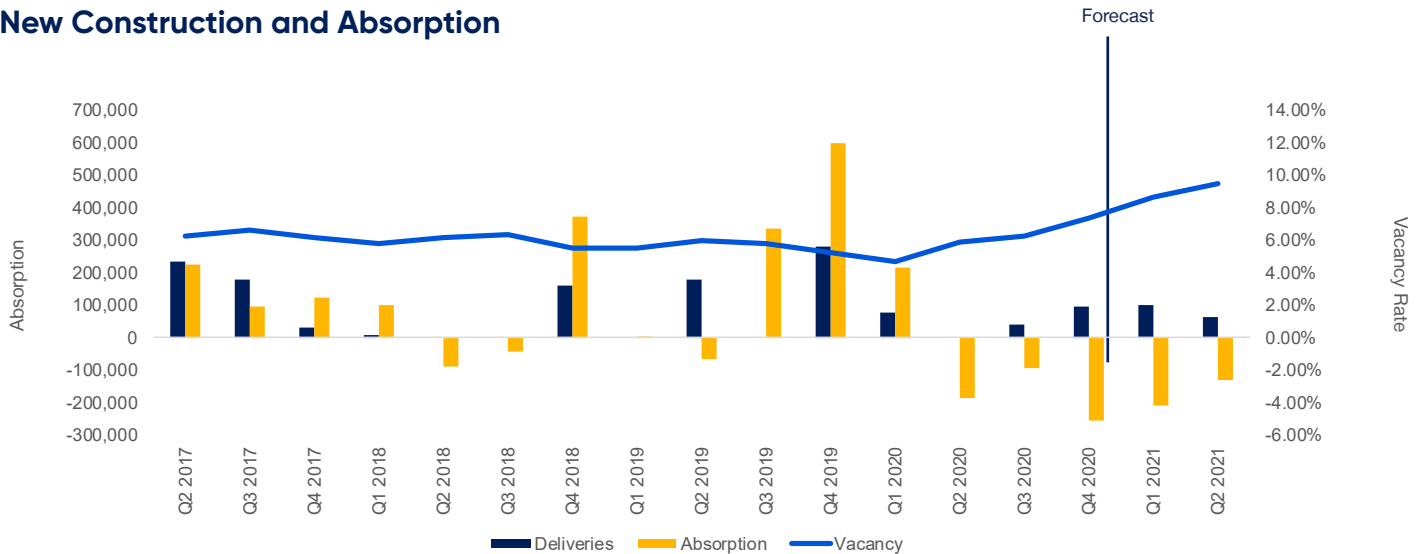
## Vacancy Rate

	Q2	Q3	Q4	
North Toronto Region	5.8%	5.8%	7.2%	▲
North Yonge Corridor	6.3%	7.0%	8.6%	▲
Vaughan	4.2%	5.0%	6.0%	▲
North York West	7.2%	6.6%	6.3%	▼
Overall	5.9%	6.3%	7.3%	▲

## Availability Trends



## New Construction and Absorption



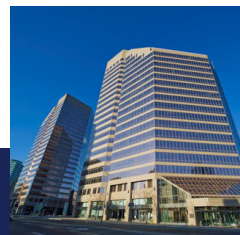
## Significant Availabilities



**5000 Yonge Street**  
124,121 SF



**5250 Yonge Street**  
115,357 SF



**5650 Yonge Street**  
103,570 SF



**4881 Yonge Street**  
98,933 SF

# Toronto East

Q4 2020



**Supply**  
**46,297,395 SF**



**Vacancy**  
**7.9%**



**Average Net Rent**  
**\$14.71/SF**

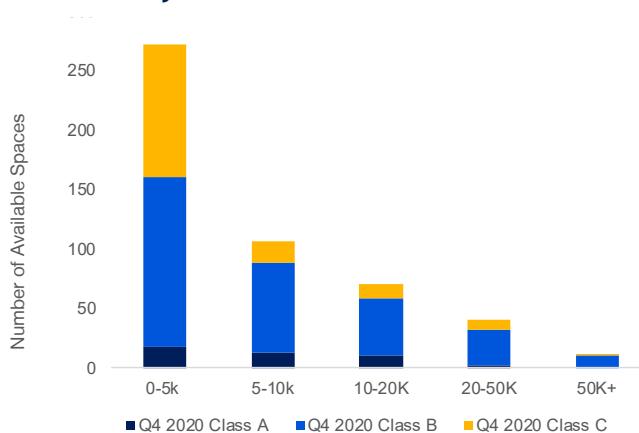


**Net Absorption**  
**-448,371 SF**

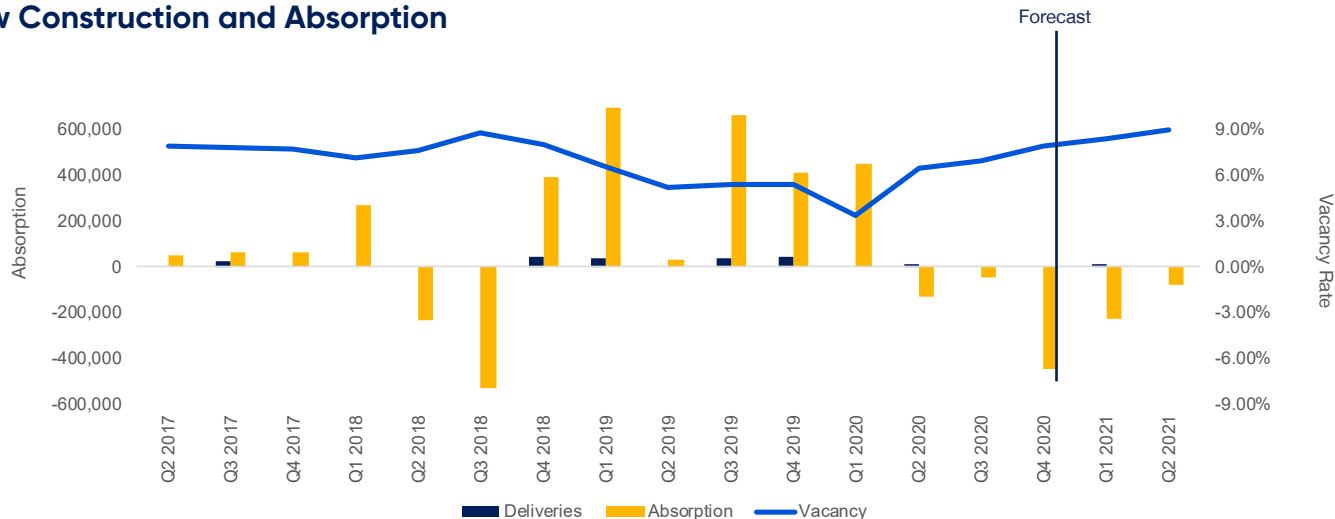
## Vacancy Rate

	Q2	Q3	Q4	
Consumers Road	8.7%	9.7%	10.7%	▲
DVP North/Duncan Mill	5.3%	5.4%	5.7%	▲
DVP South/Don Mills/Eglinton	4.4%	4.6%	4.9%	▲
East Toronto Region	3.9%	2.3%	2.4%	▲
Gordon Baker/Victoria Park	6.9%	5.9%	6.0%	▲
Markham/Richmond Hill	4.1%	4.0%	4.9%	▲
Scarborough	7.9%	7.4%	10.7%	▲
South East Toronto Region	2.4%	2.3%	2.6%	▲
Steeles/Woodbine	4.5%	4.8%	5.4%	▲
Overall	6.4%	6.9%	7.9%	▲

## Availability Trends



## New Construction and Absorption



## Significant Availabilities



**160 McNabb Street**  
**188,500 SF**



**95 Moatfield Drive**  
**156,426 SF**



**3600 Steeles Avenue W**  
**139,672 SF**



**895 Don Mills Road**  
**142,459 SF**

# Toronto West

Q4 2020



Supply

60,698,364 SF



Vacancy

9.0%



Average Net Rent

\$17.59/SF



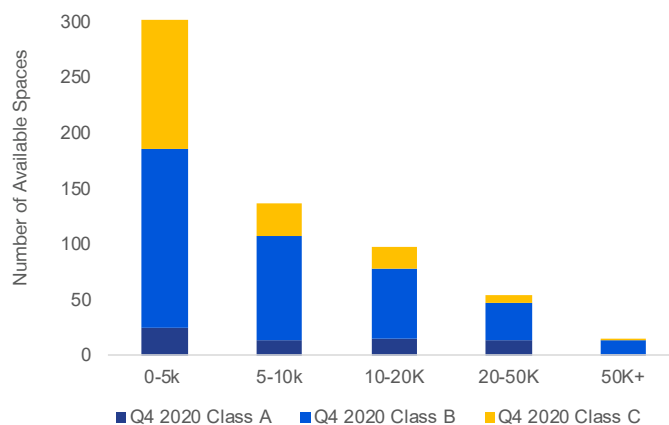
Net Absorption

-149,256 SF

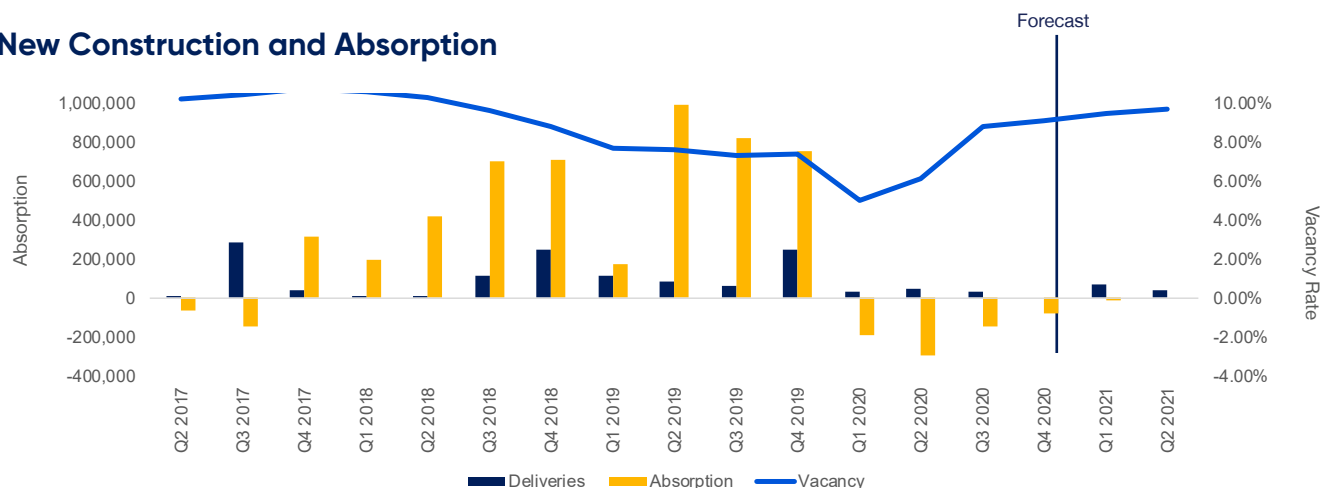
## Vacancy Rate

	Q2	Q3	Q4	
427 Corridor/Bloor/Islington	10.1%	10.8%	11.2%	▲
Airport Corporate Centre/Airport	7.8%	8.1%	8.8%	▲
Brampton	1.6%	1.6%	1.6%	▶
Burlington	6.9%	7.9%	7.5%	▼
Central West	4.9%	3.5%	3.6%	▲
City Centre	7.5%	8.6%	9.4%	▲
Hwy 10/Hwy 401	7.6%	8.5%	8.9%	▲
Meadowvale	11.2%	7.4%	7.9%	▲
Mississauga South	8.4%	8.8%	8.2%	▼
North West DT	1.3%	1.2%	1.5%	▲
Oakville	10.5%	9.4%	9.4%	▶
West Toronto Region	3.7%	3.4%	3.4%	▶
Overall	6.1%	8.8%	9.0%	▲

## Availability Trends



## New Construction and Absorption



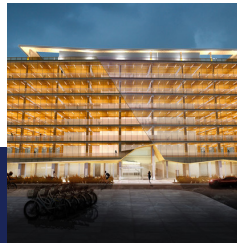
## Significant Availabilities



**1950 Meadowvale Blvd**  
160,650 SF



**1395 North Service Road**  
149,968 SF



**77 Wade Avenue**  
127,387 SF



**649 North Service Road**  
124,007 SF

# Durham

Q4 2020



Supply

7,025,252 SF



Vacancy

4.1%



Average Net Rent

\$14.66/SF



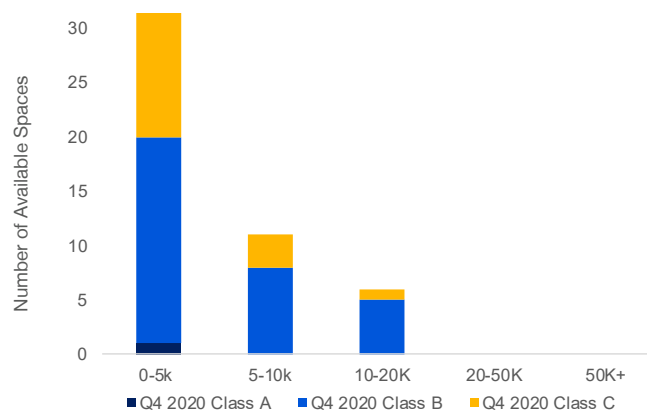
Net Absorption

-11,106 SF

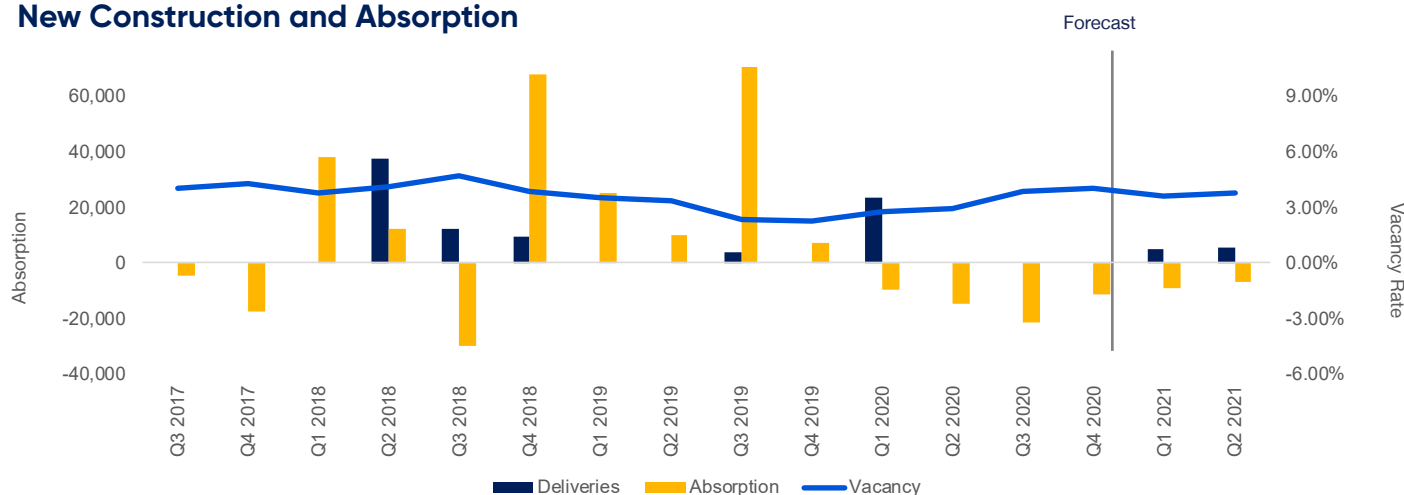
## Vacancy Rate

	Q2	Q3	Q4	
Ajax	5.6%	5.6%	5.6%	▲
Oshawa	2.6%	3.0%	3.0%	▲
Outlying Durham	1.7%	1.6%	1.6%	▲
Pickering	2.7%	3.6%	3.6%	▲
Whitby	2.9%	2.8%	3.6%	▲
Overall	2.9%	3.9%	4.1%	▲

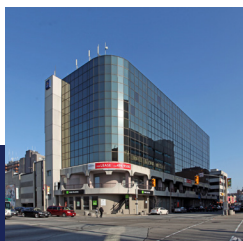
## Availability Trends



## New Construction and Absorption



## Significant Availabilities



**419 King Street W**  
23,235 SF



**2 Simcoe Street**  
20,660 SF



**1650 Champlain Avenue**  
20,000 SF



**65 Bally Street W**  
21,460 SF

# Development Pipeline



Development	Owner	Size (SF)	Completion Date
1 191 Parliament Street	Downing Street Developments	107,000	TBD
2 25 Ontario Street	First Gulf & HOOPP	460,000	Q1 2022
3 65 King Street East	Carttera	416,223	Q4 2021
4 261 Queens Quay East	Hines	251,000	Q1 2023
5 125 Queens Quay East	Menkes Developments	336,308	Q2 2021
6 100 Queens Quay East	Menkes Developments	675,000	Q2 2021
7 30 Bay Street	Oxford Properties	1,400,000	Q2 2024
8 141 Bay Street	Ivanhoe Cambridge & Hines	1,344,000	Q3 2023
9 160 Front Street West	Cadillac Fairview	1,258,000	Q3 2022
10 40 Temperance Street	Brookfield	820,000	Q1 2022
11 336 Queen Street W	The Pearl Group	43,185	Q1 2021
12 8 Spadina Avenue	Allied Properties & RioCan	1,089,740	Q2 2021
13 1266 Queen Street West	David Usher	60,200	Q2 2021
14 147 East Liberty Street	Lifetime Developments	157,100	Q4 2021
15 77 Wade Avenue	Next Properties	150,000	TBD

## About Cresa Toronto

Cresa is the world's largest commercial real estate firm that exclusively represents occupiers of space. By not taking listings on behalf of landlords or developers, we are able to provide our clients with objective, conflict-free advice.

For the last 30 years, Cresa's Toronto office has worked alongside our clients to align their business plans and their real estate needs, increase their productivity, and consistently save them money. Our integrated team of real estate advisors, project managers, designers, and analysts, listen to occupiers' needs, meticulously research market conditions, firmly negotiate terms, and manage the design and construction of projects to customize the best possible occupancy solutions. And it's this relentless focus on our clients that has earned us numerous industry awards along the way.

## Contact

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